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14 OCT 1958

MEMORANDUM FOR: Comptroller Policy Planning Group

SUBJECT : Cost Experiment - Printing Plant

1. In connection with the printing plant cost experiment, several problems have arisen which require policy decision. They are:

a. Building rent and utilities: The Agency pays rent and utilities for the [] plant only. Should the costs of the other plants be loaded with a factor sufficient to put all plants on a comparative basis with respect to rent and utilities or should the utilities [] Street plant be considered an overhead cost which is not to be distributed to the "customers" of the printing plants.

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b. Equipment: Most of the equipment in the printing plants is CIA-owned; however, a few pieces are rented. Should the cost of CIA-owned equipment be depreciated on a straight-line basis, on a 100 per cent basis, or be treated as an undistributed overhead expense? Should equipment rental be charged to printing costs? Should CIA prepare two budgets; an operating budget and a capital expenditure budget.

c. Overhead Salaries: The salaries of [] and the personnel assigned to their immediate office and the plant supervisors in each plant are considered general overhead. Should their salaries be prorated in some way to the cost of producing each printing or reproduction order or should their salaries be considered as an overhead cost which is not to be prorated to printing plant customers?

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d. If it is decided that certain costs are overhead and are not to be passed on to print shop customers, it is suggested that cost accounts be established for accumulating such costs and that other cost accounts be established for accumulating the costs which are to be recovered from "customers" of the printing plants.

e. The printing plant in Q Building services only the OCI. Should the total cost of the Q Building printing plant be charged to OCI?

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f. At the [] plant there is a night shift which runs off mats prepared [] Should the cost of this night shift printing operation be charged in total []

g. Currently many print shop costs are charged to cost accounts other than those related to the print shop operation. Illustrative of such costs are: Agency contribution to CSC and FICA, building rent and utilities, equipment rental, and guard service. Should not all print shop costs that are to be passed on to "customers" be charged to cost accounts related to print shop operations?

h. Guard Services: Reimbursement to GSA for guard service is charged to a Security cost account. Should the cost of guard service at the printing plants be charged to a printing plant cost account? If so, should the cost be treated as overhead or should the cost be prorated to printing plant customers?

i. Cost Accounts: At the present time there are two vouchered and two unvouchered cost accounts for the printing plant. They are:

<u>Vouchered</u>	<u>Unvouchered</u>
6800-20-014	6800-10-014 - Printing Service Division
6800-20-018	6800-10-018 - PSD/Admin Plant

It is recommended that vouchered and unvouchered cost accounts be established to accumulate costs as follows:

PSD/Administration Building Plant
PSD/Q Building Plant
PSD/[] (Night Shift)
PSD/Other Direct Costs
PSD/Overhead

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2. A meeting will be held at 2:00 p.m., 29 October 1958, to discuss the above problems.

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[]
Chairman

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